

## **Commission Meeting Agenda**

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#### **Location of Meeting:**

**Red Lion Hotel of Olympia**  
2300 Evergreen Park Drive  
Olympia, WA 98502  
(360) 943-4000

#### **Date and Time of Meeting:**

Thursday, March 9, 2006  
1:30 p.m.

#### **Informal Study Group Sessions:**

10:00 a.m. – 11:00 a.m. Charitable Nonprofit Operators Study Group  
11:00 a.m. – Noon Commercial Operators Study Group

#### **Public Meeting:**

Please note agenda items after 1:30 p.m. may be taken out of sequence at the discretion of the Chair.

**Staff Accomplishments:** License Technician Kim Basher and License Technician Melody Bowdish – 5 year state service

#### **1. Agenda Review / Director's Report:**

##### Administrative Issues:

- a) Budget Adjustments – Decision Package
- b) 2006 Legislative Session **Amy Hunter, Administrator**
  - Legislative Update – Summary of 2006 Legislation
  - Substitute Senate Bill 1944 – State Employee Raffles
  - House Bill 3285 – Bingo Tax Exemption
  - Substitute Senate Bill 6613 – Internet Gambling
  - Substitute Senate Concurrent Resolution 8417 to Create a Joint Select Committee on Gambling Policy
- c) Correspondence
  - Seattle Jr. Hockey Association – Smoking Ban Information
  - Local Tax Analysis
- d) Presentation: **Julie Lies, Program Manager**
  - Tribal Contributions for Community Impacts & Charities
- e) Monthly Update Reports:
  - Administrative Case Update
  - Seizure Update
  - Congressional Update

**Please turn telephones and pagers off during meeting sessions**

f) News Articles

**Comments from the Public**

**2. New Licenses and Tribal Certifications:**

**Dave Trujillo, Assistant Director**

**3. Defaults:**

**Amy Hunter, Administrator**

a) Justin Serry, Class III Certification Revocation

b) Steven L. Jones, Card Room Employee Revocation

**4. 2006-2007 Commission Chair and Vice Chair Election**

**5. Other Business/General Discussion/Comments from the Public**

**Executive Session to Discuss Pending Investigations, Tribal Negotiations & Litigation;  
and Adjournment**

Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Shirley Corbett, Executive Assistant at (360) 486-3447 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to Susan Arland, Rules Coordinator and Public Information Officer at (360) 486-3466.

**Commission Meeting Agenda**  
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**Location of Meeting:**

**Red Lion Hotel of Olympia**  
2300 Evergreen Park Drive  
Olympia, WA 98502  
(360) 943-4000

**Date and Time of Meeting:**

Friday, March 10, 2006  
9:30 a.m.

6. **Approval of Minutes:** Regular Meeting, February 9 & 10, 2006

**Rules Up for Final Action**

7. **Petition for Rule Change – Punchboard & Pull-Tab Service Business**

*Filed on 12/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-24-096. Filed 01/26/06 as a Proposed Rule Making (CR-102) under WSR # 06-04-040 with a published date of 02/15/06.*

**Dave Trujillo, Asst. Director**

- a) **Amendatory Section WAC 230-02-205**  
Gambling service supplier defined.
- b) **Amendatory Section WAC 230-02-208**  
Punch board and pull-tab service business defined.
- c) **Amendatory Section WAC 230-04-133**  
Punch board and pull-tab service business – Registration required –  
Procedures – Restrictions.

8. **Petition for Rule Change – Card Room Pit Supervision** **Cally Cass, Asst. Director**

*Filed on 12/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-24-095. Filed 01/26/06 as a Proposed Rule Making (CR-102) under WSR # 06-04-041 with a published date of 02/15/06.*

- a) **Amendatory Section WAC 230-40-815**  
Administrative and accounting control structure – Organization – House-banking.  
**Staff's Alternative** filed at the February, 2006, Commission meeting to allow pit supervisors to supervise up to seven tables.

**Please turn telephones and pagers off during meeting sessions**

9. **Rules Simplification Project**

**Beth Heston, Project Manager**

*Filed on 06/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-13-042. Filed 01/26/06 as a Proposed Rule Making (CR-102) under WSR # 06-04-057 with a published date of 02/15/06.*

**a) Chapter 230-03-001 through 230-03-340 – Permitting and Licensing**

**i) Amendatory Section WAC 230-03-020**  
Punch board and pull-tab service business permit.

**ii) Amendatory Section WAC 230-03-210**  
Applying for a gambling service supplier license.

**b) Chapter 230-05-001 through 230-05-035 – Fees**

*Chapters 230-03 and 230-05 won't become effective until 01-01-08.*

**Rules Up for Discussion**

**10. Petition for Rule Change – Monty Harmon. Cash Defined Cally Cass, Asst. Director**  
*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-204. Filed 10/26/05 as a Proposed Rule Making (CR-102) under WSR # 05-22-028 with a published date of 11/16/05.*

**a) New Section WAC 230-02-101**  
Cash defined.

**b) Staff's Alternative Amendatory Section WAC 230-12-050**  
Extension of credit, loans, or gifts prohibited -- Limited exception.  
*Filed on 02/01/06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-04-091.*

**Rules Up for Discussion and Possible Filing**

**11. Petition for Rule Change – Magic Distributing. Discriminatory Pricing**  
*Filed on 02/07/06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-05-030.*  
**Cally Cass, Asst. Director**

**a) New Section WAC 230-12-330**  
Availability of gambling equipment and related products and services – Prices –  
Contracts – Discounts - Restrictions – Exceptions.

**12. License Fees for Military Personnel**  
*Filed on 01/11/06 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #06-03-054.*  
**Dave Trujillo, Assistant Director**

**a) Amendatory Section WAC 230-04-204**  
Fees – Individuals.

**b) Amendatory Section WAC 230-05-035**  
Individual license fees.  
*This rule is up for adoption under 9(b) above and won't become effective until 01-01-08.*

**13. Gambling Devices at Trade Shows Neal Nunamaker, Deputy Director**

*Filed on 09/20/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-19-129.*

**a) New Section WAC 230-12-337**

Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.

**14. Rules Simplification Project Presentation: Beth Heston, Project Manager**

*Filed on 06/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-13-042.*

**a) Chapter 230-06 – Rules for all Licensees**

*Chapter 230-06 won't become effective until 01-01-08.*

**15. Other Business/General Discussion/Comments from the Public/Adjournment**

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# Rules Up For Final Action

Proposed amendments to

**WAC 230-02-205** Gambling service supplier defined.

**WAC 230-02-208** Punch board and pull-tab service business defined.

**WAC 230-04-133** Punch board and pull-tab service business – Registration required – Procedures – Restrictions.

ITEM 7 (a) on the March 10, 2006, Commission Meeting Agenda.	Statutory Authority 9.46.070(14)(20)
Who proposed the rule change?	
Susan Guarascio, a licensed service supplier.	
Proposed Change	
Currently, a punchboard and pull-tab service business must apply for a gambling service supplier license if their combined gross billings are more than \$20,000 during any calendar year. The petitioner requests the combined gross billings threshold be increased from \$20,000 to \$25,000.	
History of Rule	
<p>This rule established a classification for punchboard/pull-tab service businesses to operate under a permit. These businesses are usually a sole proprietorship or partnership that enters into an agreement with a licensed operator to store used punchboard and pull-tab games and accompanying records. The fee for a new punch board and pull-tab service business permit is \$217, with an annual renewal fee of \$53.</p> <p>Currently, thirteen punchboard pull-tab recordkeeping/storage services businesses operate under a punchboard and pull-tab service business permit.</p>	
Impact of the Proposed Change	
<p>If a permit holder's combined gross billings exceed \$20,000, the permit holder is required to become a gambling service supplier. The annual license fee for a service supplier license is \$630 because the level of background scrutiny and investigation to source funds is greater than a permit investigation.</p> <p>Currently, seven punchboard pull-tab recordkeeping/storage businesses are licensed as gambling service suppliers; five of these licensees have billings in excess of \$40,000, while two (including the Petitioner) have billings under \$25,000.</p> <p>At this time, if the billing threshold is increased to \$25,000, Ms. Guarascio's business is one of two licensed service suppliers that could downgrade to a punchboard/pull-tab service business permit.</p>	
Regulatory Concerns	
None.	
Resource Impacts	
Minimal.	
Policy Consideration	
None.	
Stakeholder Statements Supporting the Proposed Rule Change	
Letter from the Petitioner Susan Guarascio, a licensed service supplier, dated January 31, 2006.	
Stakeholder Statements Opposing the Proposed Rule Change	
None.	
Licensees Directly Impacted By the Change	
Two licensed service suppliers (including the petitioner) and thirteen businesses that hold punchboard and pull-tab service business permits.	
Staff Recommendation	
Adoption.	
Proposed Effective Date for Rule Change	
July 1, 2006.	



## **Amendatory Section:**

### **WAC 230-02-205 Gambling service supplier defined.**

A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

- (a) Providing consulting or advisory services regarding gambling activities;
- (b) Providing gambling related management services;
- (c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;
- (d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;
- (e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer;
- (f) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; or
- (g) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

- (a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;
- (b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;
- (c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and
- (d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty five thousand dollars during any calendar year.



## **Amendatory Section:**

### **WAC 230-02-208 Punch board and pull-tab service business defined.**

"Punch board and pull-tab service business" is defined as a person that provides recordkeeping services for punch board and pull-tab operators for compensation and:

- (1) The individuals are not employees of the operator;
- (2) The recordkeeping services do not include recommendations or advice of a management nature;
- (3) The combined total gross billings for such services during any calendar year does not exceed twenty-**five** thousand dollars; and
- (4) The records completed are normally the responsibility of the operator. For purposes of this section, recordkeeping duties that are normally the responsibility of the operator include at least the following:
  - (a) Reconciling sales, prizes, and cash on hand for punch boards and pull-tab series;
  - (b) Completing mandatory records required by WAC 230-08-010: Provided, That recordkeeping services provided by a professional accounting business are exempt from these requirements when:
    - (i) The business performs services other than punch board and pull-tab records for the licensee;
    - (ii) The business has clients other than punch board and pull-tab licensees; and
    - (iii) The recordkeeping service only includes transcribing entries from the licensee into the required format; and/or
  - (c) Storing boards and series removed from play.

## **Amendatory Section:**

### **WAC 230-04-133 Punch board and pull-tab service business — Registration required — Procedures — Restrictions.**

It is in the public's interest to closely control gambling devices and records relating to the operation of a gambling activity. The commission must identify all individuals and businesses that have control over gambling devices, including punch boards and pull-tabs, and all records relating to the operation of gambling activities. Businesses that provide punch board and pull-tab record services, as defined by WAC 230-02-208, shall register with the commission and receive a permit prior to providing services to a licensee. The following procedures and restrictions apply to punch board and pull-tab service businesses:

(1) Each business seeking to register as a punch board and pull-tab service business shall submit a permit application on a form provided by the commission. Such application shall be complete in every respect, accompanied by proper fees, and signed by the applicant. The application shall include at least the following:

- (a) A complete description of the services provided; and
  - (b) Personal and criminal history forms for all individuals involved in providing services.
- (2) The permit shall be valid for a period not to exceed one year from the date approved.
- (3) Any changes in information provided with the application must be submitted to the commission within thirty days of change.

(4) The permit becomes void and the business must apply for a gambling service supplier license to continue providing services if any of the conditions listed below occur:

(a) The nature of the business being provided changes to include services defined in WAC 230-02-205(1); or

(b) The combined total gross billings from providing services exceeds twenty-five thousand dollars during the permit period.

(5) The permit may be revoked by the director at any time for the following reasons:

- (a) Reasons set forth in WAC 230-04-400 or RCW 9.46.075; or
- (b) The permit holder has acted with gross negligence or intentionally misstated or manipulated a licensee's records or punch board/pull-tab games; or
- (c) Failure to produce an operator's record or copies thereof, or punch board or pull-tab games when requested by a commission agent.

(6) Immediately upon request, a punch board and pull-tab service business shall provide the commission or any of its representatives a complete list of customers and the location where records of each are maintained.

(7) If a punch board and pull-tab service business or associate of such business has any interest in a licensed manufacturer or distributor, they shall inform the commission, any operator to which they provide services, and the manufacturer or distributor of the relationship. The director may restrict the manufacturer or distributor from selling punch boards or pull-tabs to such operator.

(8) Punch board and pull-tab service business permit holders shall follow the records requirements of WAC 230-08-026 (1)(a), (c), (d), (2), and (3). In addition, such businesses shall be familiar with minimum recordkeeping requirements and availability of records for services they provide, including but not limited to WAC 230-08-010, 230-12-010 and 230-30-072.



# Rule Up For Final Action

Proposed Amendment to

WAC 230-40-815

Administrative and accounting control structure –  
Organization – House-banking.

ITEM 8 (a) on the March 10, 2006, Commission Meeting Agenda.  
Statutory Authority 9.46.070 & 9.46.0282

Who proposed the rule change?

Larry Wheaton, Goldie's Shoreline Casino

Proposed Change

Larry Wheaton submitted a Petition for Rule Change requesting that the number of tables a floor supervisor is authorized to supervise be increased from five to six tables regardless of the total number of tables open.

**Staff's Alternative filed at the February 2006, Commission Meeting:**

Staff does not support the Petitioner's change as worded because it is specific to the pit layout at Goldie's Casino. While considering other alternatives, staff considered removing the limit altogether and only requiring card room's to provide adequate supervision. Staff decided against this option because it would result in problems in consistently enforcing the rule and it would reduce the card room's ability to prevent and detect cheating.

Staff also surveyed seven other states and found that the majority limited the number of tables a supervisor could supervise to no more than six tables. Our current rule allows a supervisor to supervise seven tables if only seven tables are in operation.

Based on the information from other states, the petitioner's information and the current rule, staff recommends allowing floor supervisors to supervise up to seven tables as long as the floor plan has been approved by commission staff in their internal controls.

At the February 2006, Commission meeting, the Commission filed staff's alternative. At the meeting, Mr. Wheaton testified that he supported staff's alternative.

History of Rule

Currently, WAC 230-40-815(3)(c)(ii) requires a floor supervisor in a house-banked card room be assigned the responsibility of supervising no more than five tables in the gaming pit. However, the number of tables supervised can be increased to seven tables if there are no more than seven tables open and the layout was pre-approved by Commission staff.

Floor supervisors monitor the play at each gaming table to ensure dealers follow game rules and respond to irregularities at the gaming tables. Supervisors verify activities such as buy-ins, and large payouts or jackpots. Their presence in the pit also serves as an extra set of eyes that can detect and deter cheating at the gaming tables. Their presence helps us to ensure that gambling is legal and honest.

Impact of the Proposed Change
<p>Under current rules, if the licensee has two gaming pits, one with six tables open and one with five tables open they must have two supervisors in the six table pit and one in the five table pit, for a total of three floor supervisors on duty. The petitioner states that the additional floor supervisors are costing him over \$75,000 a year.</p> <p>Under the proposed change, the licensee would only need to have two supervisors on duty per shift. Each establishment has their pits configured differently, so the rule would have a slightly different effect on each.</p>
Regulatory Concerns
<p>This change would not have an effect on our regulatory programs.</p> <p>Gambling regulatory agencies from Colorado, South Dakota, Michigan, Mississippi, Missouri, Nevada, and New Jersey were contacted to determine what their requirements were regarding supervision levels. The answer ranged from no specific requirement to one supervisor was required for every four tables in operation. Of the seven states surveyed</p> <ul style="list-style-type: none"> <li>• Three had a rule limiting the supervision level to six or fewer tables;</li> <li>• One had no limit, but also had no establishments that had more than seven tables;</li> <li>• One enforced their rule requiring they provide “adequate supervision” in a manner which determined the licensee had inadequate supervision if pit bosses supervised more than five or six tables; and</li> <li>• Two of the states had no limits.</li> </ul>
Resource Impacts
<p>Staff currently monitors compliance with this rule as part of scheduled inspections that are conducted approximately two times a year. Staff may also randomly check compliance during other scheduled visits. The time needed to verify compliance is minimal and the change would have no effect on our compliance schedule.</p>
Policy Consideration
<p>None at this time.</p>
Stakeholder Statements Supporting the Proposed Rule Change
<p>At the February 2006, Commission meeting, Mr. Wheaton testified that he supported staff’s alternative.</p>
Stakeholder Statements Opposing the Proposed Rule Change
<p>None at this time.</p>
Licensees Directly Impacted
<p>House-banked card rooms.</p>
Staff Recommendation
<p>Adopt staff’s alternative allowing floor supervisors to supervise up to seven tables as long as the floor plan in the card room’s internal controls has been approved by Commission staff.</p>
Proposed Effective Date for Rule Change
<p>The petitioner requests the change be effective 31 days from filing.</p>

## **Staff's Alternative – Filed at the February 2006, Commission meeting**

### **Amendatory Section:**

**WAC 230-40-815** Administrative and accounting control structure – Organization – House-banking.

Each licensee operating a house-banked card game shall ensure that all games are closely controlled, operated fairly and in accordance with all rules of the commission. The following control procedures and conditions shall be met:

#### **Internal controls.**

(1) The licensee shall have a system of internal controls that include at least the following:

(a) Administrative controls, which include, but are not limited to, the organization's plan, procedures, and records concerned with decision processes leading to management's authorization of transactions; and

(b) Accounting controls which include the licensee's plan, procedures, and records concerned with the safeguarding of assets and the reliability of financial records. These controls must be designed to provide reasonable assurance that:

(i) Transactions are executed in accordance with management's general and specific authorization;

(ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, and to maintain accountability for assets;

(iii) Access to assets is permitted only in accordance with management's authorization; and

(iv) The recorded accountability for assets is compared with existing assets at least annually and appropriate action is taken within five working days with respect to any differences.

#### **Administrative controls.**

(2) The licensee's system of administrative controls shall provide for the following:

(a) Competent personnel with an understanding of prescribed procedures;

(b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties; and

(c) Each employee of a house-banked card room shall be licensed by the commission and shall be knowledgeable in all accounting and internal control practices and procedures relevant to each employee's individual function.

#### **Separate departments and functions.**

(3) The licensee shall, at a minimum, establish the following departments or functions that shall be independent from all other departments or functions:

##### *Surveillance.*

(a) A surveillance department which shall not include security functions or personnel. The head of surveillance shall be responsible for, but not limited to, the following:

(i) The clandestine surveillance of the operation and conduct of the table games;

- (ii) The clandestine surveillance of the operation of the cashier's cage;
- (iii) The video and audio recording of activities in the count rooms;
- (iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;
- (v) The video recording of unusual or suspected illegal activities;
- (vi) The notification of appropriate supervisors and commission staff, within three working days, upon the detection of cheating, theft, embezzlement, or other illegal activities;
- (vii) Ensuring that each dealer is evaluated to determine if all required dealer procedures and techniques set forth in the licensee's approved internal controls are followed; and
- (viii) Ensuring all surveillance employees have a demonstrated knowledge of the following:
  - (A) Operating surveillance systems;
  - (B) Rules of play and procedures for the games being played; and
  - (C) The overall procedures relating to the duties of all employees of the house-banked card room being monitored (dealers, shift managers, floor supervisors, cage cashier's and count team members).

#### *Security.*

- (b) A security department, supervised by a security department manager, is responsible for at least the following:
  - (i) Control of cards and dealing shoes, including storage of new and used cards and shoes, and control of the disposition and/or destruction of same when removed from service; and
  - (ii) Transfer of cash and chips to and from the gaming tables, cage and count room.

#### *Gaming operations.*

- (c) A gaming operation department supervised by a gaming operation department manager who shall be responsible for the operation of all house-banked card games conducted by ensuring the following:
  - (i) Card games are operated by licensed dealers who are assigned to each gaming table;
  - (ii) A floor supervisor is assigned the responsibility for the overall supervision of the conduct of gaming within a pit and can supervise no more than ~~((five))~~ seven tables as long as the floor plan ~~(: Provided, That a single supervisor may supervise up to seven tables, if only seven tables are in operation and the layout))~~ was ~~((preapproved))~~ approved by commission staff in the Internal Controls;
  - (iii) A licensee which utilizes two separate areas of a gaming establishment shall require at least one supervisor in each area; and
  - (iv) A shift manager, who reports to the gaming operation department manager, is assigned to supervise floor supervisors and all gaming related activities that occur during each shift. In the absence of the gaming operation department manager, the shift manager shall have the authority of a gaming operation department manager: Provided, That in addition to the floor supervisors required in this subsection, licensees operating more than ten tables shall be required to have a shift manager on the premises.

#### *Accounting.*

- (d) An accounting department supervised by an individual who shall report directly to the chief executive officer or chief operations officer. The responsibilities of the accounting department shall include, but not be limited to, the following:

- (i) Implementing and monitoring of accounting controls;
- (ii) The preparation, control, and storage of records and data required;
- (iii) The control of unused forms inventory along with reconciliation of forms used; and
- (iv) The control and supervision of the cashier's cage.

**Modifications.**

(4) Any changes to the licensee's system of internal controls must be submitted to commission staff and be approved prior to implementation.

**Employees shall be informed of internal controls.**

(5) All licensed operators shall inform their card room employees of the internal controls related to their respective area of responsibility. Furthermore, both the operator and all card room employees shall follow these internal controls at all times.

**Amendatory Section:**

**230-03-020 Punch board and pull-tab service business permit.**

- (1) You must apply for a punch board and pull-tab service business permit if you:
  - (a) Reconcile sales, prizes, and cash on hand for punch board and pull-tab series; or
  - (b) Complete records we require; or
  - (c) Store punch boards and pull-tab series removed from play.
- (2) The owners or employees of the service business must not be employees of the operator.
- (3) The owners or employees of the service business must not provide management advice to the operator.
- (4) The punch board and pull-tab service business must apply for a gambling service supplier license if combined gross billings exceed ((~~twenty~~) twenty-five) thousand dollars during the permit period.

[Statutory Authority: RCW 9.46.070 (17).]



## **Amendatory Section:**

### **230-03-210 Applying for a gambling service supplier license.**

- (1) You must apply for a gambling service supplier license if you perform any of the following gambling-related services for compensation:
- (a) Consulting or advisory services regarding gambling activities;
  - (b) Gambling management services; or
  - (c) Financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee; or
  - (d) Providing the assembly of components for gambling equipment under a contract with a licensed manufacturer; or
  - (e) Installing, integrating, maintaining, or servicing digital surveillance systems that allow direct access to the operating system; or
  - (f) Training individuals to conduct authorized gambling activities; or
  - (g) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission.
- (2) You do not need a gambling service supplier license if you are:
- (a) A bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution; or
  - (b) A university or college regulated by the Washington state board of community and technical colleges and the higher education coordinating board that trains individuals to conduct authorized gambling activities; or
  - (c) An attorney, accountant, or governmental affairs consultant whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; or
  - (d) A person that only provides nonmanagement-related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed (~~(twenty)~~) twenty-five thousand dollars during any calendar year.

[Statutory Authority: RCW 9.46.070 (4), (14), and (20).]



## Rules Up For Discussion

### Petitioner's Proposed New Section WAC 230-02-101

Cash defined.

### Staff's Alternative Amendatory Section WAC 230-12-050

Extension of credit, loans, or gifts prohibited - Limited exception.

ITEM 10 (a) on the March, 10, 2006, Commission Meeting Agenda.		Statutory Authority 9.46.070
<b>Who proposed the rule change?</b>		
Monty Harmon, a licensed gambling service supplier.		
<b>Why is this rule change proposed?</b>		
<p>A Petition for Rule Change submitted by Harmon Consulting Inc., was filed at the October 2005, meeting. The Petitioner is requesting that cash be defined in our rules. This new definition of cash would expand the methods players could use to participate in gambling activities and/or receive their winnings.</p> <p>The petitioner has indicated to staff that the intent of the change is to allow patrons to use “guest cards” to purchase pull-tabs and allow pull-tab winnings to be added to “guest cards.” However, if this proposal is approved it would apply to all gambling activities. The petitioner states in his petition the change would modernize the industry and take advantage of current security benefits of prepaid cashless systems.</p> <p>Cash is not specifically defined in our rules; however, cash equivalent is defined in WAC 230-40-552 as follows: “a treasury check, personal check, traveler's check, wire transfer of funds, money order, certified check, cashier's check, a check drawn on the licensee's account payable to the patron or to the licensee, or a voucher recording cash drawn against a credit card or debit card.” This rule became effective May 2000, and provided for additional methods of payment to participate in card games, other than cash or personal check. Although the cash equivalent definition only applies to card games, it has been informally used by staff to clarify the definition of cash as it relates to other gambling activities.</p> <p>The petitioner's intent is for the “guest card” to be purchased and used by patrons at a licensed business. The “guest card” could be used to purchase food, beverages, pull-tabs, and/or participate in other gambling activities. A patron may add additional funds to the “guest card.” Most importantly, licensees may add a player's winnings to the “guest card” rather than paying with cash or a check. The “guest card” would be redeemable for cash at anytime. There would be an accounting system associated with this activity to ensure the accuracy of the customer's “guest card” balance. The system would also provide a “guest card” fund balance to patrons.</p> <p><b>Staff opposes the petition for the following reasons:</b></p> <p>Standards must be developed for an accounting system that interacts with gift cards and gambling activities</p> <p>Rules must be reviewed to determine other necessary changes and the impact on other gambling activities</p> <p>It would be difficult for staff to verify whether winnings are credited accurately to gift cards</p> <p>It would allow pull-tab winnings to be credited to “guest cards”</p> <p><b>January 2006, Commission Meeting:</b> At the request of the Petitioner, this rule was held over from the January Commission meeting.</p> <p><b>February 2006, Commission Meeting:</b> Staff's Alternative to allow gift card and gift certificates to be used as payment to participate in gambling activities was filed at the February meeting (WAC 230-12-050). Gift cards are prepaid and are treated the same as cash. Staff has no regulatory concerns allowing gift certificates or gift cards to be used as payment to participate in gambling activities; however, gambling winnings would not be allowed to be added to gift certificates/cards. Staff's alternative will be Up for Final Action at the June 2006, Commission meeting.</p>		
<b>Statements against the proposed rule change.</b>		
None at this time.		

<b>Which licensees will be directly impacted?</b>
All licensees.
<b>What are the potential impacts to the agency?</b>
See "Staff opposes the petition for the following reasons" above for impacts.
<b>Staff recommendation.</b>
Staff continues to oppose the petition and recommends the Commission deny the Petition in favor of staff's alternative which was filed at the February 2006, meeting and will be up for final action at the June 2006, Commission meeting.

**STAFF'S ALTERNATIVE**  
**Filed at the February 2006, Commission Meeting**

**AMENDATORY SECTION:**

**WAC 230-12-050 Extension of credit, loans, or gifts prohibited -- Limited exception.**

No licensee, member or employee thereof shall extend credit, make a loan, or grant a gift to any person playing in an authorized gambling activity, or which enables a person to play in an authorized gambling activity.

**Gifts prohibited -- Exceptions.**

(1) Gifts are items licensees give away to its customers and are not connected to gambling activities regulated by the commission. Licensees shall not offer gifts in conjunction with gambling activities, with the following exceptions:

- (a) Promotions are allowed as authorized by WAC 230-12-045;
- (b) Transportation services provided to and from gambling activities;
- (c) Free or discounted food, drink or merchandise may be provided under the following conditions:
  - (i) The actual cost of any individual item may not exceed five hundred dollars;
  - (ii) The merchandise shall not be traded back to the licensee for cash or be used to further participate in an authorized gambling activity;
- (d) For each individual gift with an actual cost over one hundred dollars, charitable and nonprofit organizations shall prepare and maintain a written record with the following information:
  - (i) How the recipients of the gifts were selected;
  - (ii) The number of gifts awarded; and
  - (iii) The total cost of each gift given.

**Credit and loans prohibited -- Exceptions.**

(2) The consideration required to participate in the gambling activity shall be collected in full, by cash, check, ((ø¶)) electronic point-of-sale bank transfer, gift certificate, or gift card, prior to participation, with the following exceptions:

**Punch boards/pull-tabs.**

(a) The consideration paid for the opportunity to play a punch board or pull-tab series may be collected immediately after the play is completed only when such consideration is ten dollars or less;

**Charitable/nonprofit organization's billing system for members.**

(b) When a bona fide charitable or bona fide nonprofit organization conducting any of the activities authorized by chapter 9.46, RCW or commission rules has a regular billing system for all of the activities of its members with such organization, such billing system may be utilized in connection with the playing of any of the activities authorized hereunder if:

- (i) The playing of such activity is limited to regular members of such organization who have become regular members prior to the commencement of such activity and whose qualifications for membership were not dependent upon, or in any way related to, the playing of such activity; and
- (ii) The director has given prior written consent to the use of such billing system in connection with the conduct of activities authorized under these rules.

**Raffle tickets purchased with credit cards.**

(c) Charitable or nonprofit organizations utilizing credit cards, issued by a state and/or federally regulated financial institution, for payment to participate in raffles.

## **NEW SECTION:**

### **WAC 230-02-101 Cash Defined.**

“Cash” is any currency, check, or debit card transaction valued in terms of the US dollar. For purposes of these rules, Canadian currency shall be converted in accordance with the published exchange rates for financial reporting purposes but may be recorded in terms of Canadian or US dollars as long as the records clearly identify the currency used.

In addition, licensees with accounting systems approved by the Gambling Commission may use transactions on “guest cards” and other “cashless” systems as cash transactions for purposes of conducting their business and gambling operations. The systems can not be used for credit transactions and would operate in the same manner as a debit card. Customer purchases would reduce their account balance and their winnings could be added to their balance. Licensees using a “guest card” or “cashless” system must maintain the system so that customer balances could never go below a zero balance even for non gambling purchases or transactions.



# Rule Up For Discussion and Possible Filing

Proposed New Rule

WAC 230-12-330

Availability of gambling equipment and related products and services –  
Prices – Contracts – Discounts – Restrictions – Exceptions.

ITEM 11 (a) on the March 10, 2006, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Magic Distributing, a licensed distributor.	
Proposed Change	
Magic Distributing Inc. has requested that discriminatory pricing restrictions (WAC 230-12-330), which were repealed effective 10/10/2005, be reinstated. The petitioner states that gambling equipment and related products should be available to all licensees without discrimination.	
History of Rule	
<p>Prior to October 10, 2005, this rule required manufacturers and distributors to offer their products and services to all licensees without discrimination. Volume discounts were allowed only if they were offered to all licensees and based on a single sales transaction. The intent of this rule was to prevent market control and predatory pricing. Staff conducted periodic pricing checks of distributors to ensure compliance with the discriminatory pricing rules.</p> <p>Discriminatory pricing restrictions were repealed effective October 10, 2005, which opened up the market and allowed manufacturers and distributors to sell their products for different prices to different customers. The agency is no longer involved with how companies price their products. Staff no longer conducts discriminatory pricing compliance checks. However, the restoration of this rule would reinstate the agency's roll in monitoring the pricing schedules of manufacturers and distributors.</p>	
Impact of the Proposed Change	
<p>The Petitioner's proposal would restore pricing restrictions between manufacturers and distributors. The petitioner states, in part, that:</p> <ol style="list-style-type: none"><li>1) Gambling equipment and related products should be available to all licensees without discrimination;</li><li>2) Reinstating this rule would prevent a monopoly, and unfair and deceptive practices; and</li><li>3) Not having the rule will likely harm consumers by increasing prices, and reducing availability of goods or services.</li></ol>	
Regulatory Concerns	
The restoration of this rule would reinstate the agency's role in monitoring the pricing schedules of manufacturers and distributors.	

Resource Impacts
Before pricing and credit restrictions were repealed October 10, 2005, staff spent at least the equivalent of .5 FTE enforcing these regulations. Approximately the equivalent of .5 FTE would be required if we began monitoring pricing restrictions again.
Policy Consideration
The Commission repealed discriminatory pricing restrictions because these restrictions did not have a direct impact on gambling and should no longer be part of our regulatory program (See page 18 of the September 2005, Commission meeting minutes, which are attached).
Stakeholder Statements Supporting the Proposed Rule Change
None.
Stakeholder Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Manufacturers, distributors and operators.
Staff Recommendation
Staff recommends denying the Petition for the reasons set forth in the September 2005, Commission meeting minutes.

## **New Section:**

### **WAC 230-12-330 Availability of gambling equipment and related products and services-- Prices--Contracts--Discounts--Restrictions -- Exceptions.**

Manufacturers and distributors shall make their products and services available to all licensees without discrimination. Except as authorized by this section, gambling equipment, devices, related paraphernalia or supplies, and services shall be offered to any licensee wishing to purchase such, for the same price and terms. The following restrictions, procedures, and exceptions apply to prices and terms related to sales of gambling-related products or services:

#### **Pricing shall be consistent - exceptions.**

(1) **Discriminatory prices are prohibited.** Prices are considered discriminatory when identical or similar items or services are offered to different persons for a different price or under different terms or conditions: Provided, That prices set under the following criteria shall not be considered discriminatory:

(a) **Prices that are established in advance** and available for review by the commission and customers prior to accepting a sales order utilizing such. For purposes of this section, prices are deemed to be established and available when they have been mailed or transmitted by facsimile to the commission at least forty-eight hours prior to completing sales transactions or accepting orders for products or services;

(b) **Separate and different price schedules** established by manufacturers or distributors for transactions conducted with licensees at different marketing levels when such prices are progressively lower at each marketing level above the operator level;

(c) **Prices that are based upon the delivery location** of an item or service. If the price of an item or service is based upon "free on board" (FOB) terms at a specific location, such price may be varied based upon delivery at a different location, if such is justified by objective evidence. The burden of proof regarding such price differentiation is borne by the seller. Such prices are subject to all other requirements of this section; and

(d) **Short-term price reductions or "sales"** by manufacturers or distributors are authorized when every licensee is afforded an opportunity to participate. For purposes of this section licensees will be deemed to have been afforded an opportunity to participate when:

(i) All prices and terms are clearly posted at all sales outlets for the benefit of operators and provided to all customers serviced by mobile sales representatives;

(ii) Manufacturers provide full details of the sale to all licensed distributors, including prices and terms, at least forty-eight hours prior to accepting orders for products or services being offered at a sale price. Such notice shall be by mail or telephone facsimile; and

(iii) Any limitations or conditions of the sale are clearly stated in advertisements or notices for such sale.



### **Contracts restricting sales not allowed.**

(2) Except as set forth in WAC 230-12-230, licensees shall not enter into contracts that directly or indirectly restrict the distribution or use of gambling equipment, devices, paraphernalia, supplies, or services: Provided, That holders of proprietary rights to products or services that have been gained through patents, copyrights, trademarks, or other similar rights bestowed by state or federal law or by courts shall be allowed to enter into license agreements with manufacturers that restrict the ability to manufacture or distribute products or services if all other requirements of this section are met. The following transactions are prohibited:

- (a) An operator or distributor shall not agree to deal in, purchase, sell, lease, or operate any particular brand or brands of gambling device or equipment to the exclusion of any other brand of gambling device or equipment;
- (b) A manufacturer or distributor, or licensed representative or employee thereof, shall not sell or offer to sell, lease, or loan any gambling-related product, service, or merchandise if such is contingent upon the purchase or order of another product, service, or merchandise; and
- (c) Except as set forth in this subsection, no person shall enter into any agreement, express or implied, that prohibits a person from selling or providing any gambling-related product or service within a particular geographic area: Provided, That -
  - (i) Licensed manufacturers, distributors, and service suppliers may enter into such agreements with its licensed representative; and
  - (ii) An operator may enter into an agreement with a licensed service supplier that is supplying only management or consulting services when such agreement only restricts the service supplier from supplying the same or similar services to other operators within a specified geographic area.

### **Discounts.**

(3) Manufacturers and distributors may offer discounts of base prices that are authorized by this section when such discounts are nondiscriminatory. For purposes of this title, discounts will be deemed to be nondiscriminatory when:

- (a) Offered to all licensees on the same terms;
- (b) The scheme upon which the discount is based is in writing and submitted to the commission at least forty-eight hours prior to being offered;
- (c) The discount applies to:
  - (i) A single sales transaction; or

(ii) Multiple sales transactions, which are made over a period of time not to exceed one week. For purposes of this section, one week shall be defined as seven consecutive days; and

(d) The level of a discount is based only upon any of the following criteria:

(i) The amount of product sold or the dollar value of the sale;

(ii) Whether the purchaser makes full payment in cash at time of sale;

(iii) Whether the purchaser makes final payment for a transaction within a predetermined time period for sales made under "trade account" terms; and

(iv) Any other structure or terms, subject to preapproval by the director. The manufacturer shall pay for the approval process and any additional requirements necessary to assure compliance with this section.

#### **Limiting sales to specific market levels.**

(4) A licensed manufacturer or distributor may elect to limit sales of products and services to licensees at any marketing level. For purposes of this section, marketing levels are defined as manufacturer, distributor, and operator. If a manufacturer or distributor elects to make sales to any licensee at a marketing level, sales must be made to all licensees at the same level: Provided, That if the distributor is in violation of WAC 230-12-340, the manufacturer shall not be required to make sales to that distributor: Provided further, That transactions between a manufacturer and distributor, when both are owned and operated by the same persons, are considered internal to that business. For purposes of this section, internal transactions are not considered sales at a different marketing level. All other restrictions of this section apply to such sales. For example:

(a) A licensed manufacturer may elect to sell or provide products and services only to distributors; or

(b) A licensed distributor may elect to sell or provide products and services only to operators.

#### **Minimum purchasing requirements not allowed - exceptions.**

(5) Manufacturers or distributors shall not set minimum purchase requirements for any product or service, except as authorized below:

(a) Minimum purchase requirements are not allowed for purchases made under prepaid or cash on delivery (COD) terms: Provided, That manufacturers may establish and charge a reasonable fee for services to handle an order for products or services below a specified level, if such policy is in writing and provided to distributors prior to accepting orders;

(b) Minimum purchase restrictions may be set for transactions between manufacturers and distributors that are conducted using trade account terms, as authorized by WAC 230-12-340;

(c) Discounts may be set based upon a minimum purchase amount as authorized by subsection (3) of this section; and

(d) Minimum purchase restrictions may be placed on products being offered for a bargain or "sale" price if a bargain or "sale" price is established for any and all levels of purchases under such terms.

**Sales of nongambling products and services.**

(6) A manufacturer or distributor shall not grant licensees, nor shall such licensees accept, more favorable prices, credit terms, or other arrangements than those extended to nonlicensed persons purchasing identical or similar nongambling goods or services. The price of nongambling goods or services sold to licensees shall be in conformity with the open market price in the locality where sold. The terms of such sales shall not exceed those normally granted in accordance with the customary business practice of the particular trade in the locality where such sales are made.

**Transactions with tribal casinos.**

(7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.



# Rule Up For Discussion and Possible Filing

Proposed Amendments to

**WAC 230-04-204** Fees – Individuals.

**WAC 230-05-035** Individual license fees.

*This rule is up for adoption March 10, 2006, and won't become effective until 01-01-08.*

ITEM 12 (a) on the March 10, 2006, Commission Meeting Agenda. Statutory Authority 9.46.070
Who proposed the rule change?
Staff.
Proposed Change
Proposed change to the rule would allow deployed armed service personnel to renew their individual licenses at the regular annual renewal rate for up to six months after returning from deployment without additional costs. The licensee will simply renew their license and provide proof of return from active military service within the previous 6 months. The proposed change would require the licensee to reapply for a license and pay a renewal fee.
History of Rule
With the beginning of the Iraq War, individual licensees were deployed with the military or the reserves. If their license expires during military service, these individuals must reapply as new applicants because licenses are issued for one year. They must pay new application fees of \$237 compared to a renewal fee of \$146. When they are discharged or demobilized, they face the expense of reapplying for their license.
Impact of the Proposed Change
There will be no major changes or impacts to the agency. The change in this rule will simplify the process for licensees by allowing the renewal of the license.
Regulatory Concerns
There are no regulatory concerns involving changing the rule.
Staff contacted the Department of Licensing and found that there are provisions in drivers licensing laws that allow military personnel to legally drive on expired licenses if they pay an additional \$10.00 fee and submit a copy of active military ID.
The Department of Licensing Professional Licensing Division has provisions in RCW 43.24.130 which allow the licensee to renew their professional license up to six months after being honorably discharged and which waive the requirement for continuing education. In addition, the Department of Health has similar provisions.
Resource Impacts
Licensing will continue to review and evaluate each application for compliance with Washington State Gambling Laws and Rules. Staff estimates that approximately 30 new individual applications per month are from military-deployed licensees.
Policy Consideration
There will be value to adopting this rule by showing our military and service personnel that our agency appreciates their service to our country without the penalties that are required when a license lapses.
Stakeholder Statements Supporting the Proposed Rule Change
None.

Stakeholder Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Approximately 300 per year.
Staff Recommendation
File for further discussion.
Proposed Effective Date for Rule Change
<p>WAC 230-04-204 Fees – Individuals. July 17, 2006, assuming the rule is adopted at the June 16, 2006, meeting to become effective thirty-one days from filing.</p> <p>WAC 230-05-035 Individual license fees. This rule won't become effective until January 1, 2008. Staff recommends the amendment become effective at the same time, January 1, 2008.</p>

**Amendatory Section:**

**WAC 230-04-204 Fees -- Individuals.** Individuals shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, or when assessed the cost of special investigation procedures by the commission:

<b>LICENSE TYPE</b>	<b>DEFINITION</b>	<b>FEE</b>
<b>1. CHARITABLE OR NONPROFIT GAMBLING MANAGER</b>	Original	\$ 171
	Renewal	\$ 82
	Change of Employer	\$ 82
<b>2. LINKED BINGO PRIZE PROVIDER REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
<b>3. COMMERCIAL GAMBLING MANAGER</b>	Original	\$ 175
	Renewal	\$ 84
	Change of Employer	\$ 84
<b>4. DISTRIBUTOR'S OR GAMBLING SERVICES SUPPLIER REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
<b>5. MANUFACTURER'S REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
<b>6. PUBLIC CARD ROOM EMPLOYEE</b>		
<b>CLASS A - Performs duties as defined in WAC 230-02-415 in a class E card room.</b>		
	Original	\$ 175
	Renewal	\$ 84
<b>CLASS B - Performs duties as defined in WAC 230-02-415 in enhanced and house-banked card rooms.</b>		
	Original, in-state	\$ 237
	Original, out-of-state	\$ 295

	Renewal	\$ 146
	Transfer/Additional	
	Employee/Conversion/	
	Emergency Waiver Request	\$ 57
<hr/>		
7.	<b>OTHER FEES</b>	
	CHANGE OF NAME (See WAC 230-04-310)	\$ 26
	DUPLICATE LICENSE (See WAC 230-04-290)	\$ 26
	OUT-OF-STATE RECORDS INQUIRY (See WAC 230-04-240)	As required
8.	<u>If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant shall provide evidence of the completion date of active military service.</u>	

## **Amendatory Section:**

### **230-05-035 Individuals License Fees**

Individuals must pay the following fees to us when they apply for gambling licenses, permits, miscellaneous changes:

#### **1. Charitable or Nonprofit Gambling Manager**

<b>License</b>	<b>Fee</b>
Original	\$171
Renewal	\$82
Change of Employer	\$82

#### **2. Linked Bingo Prize Provider Representative**

<b>License</b>	<b>Fee</b>
Original	\$239
Renewal	\$146

#### **3. Commercial Gambling Manager**

<b>License</b>	<b>Fee</b>
Original	\$175
Renewal	\$84
Change of Employer	\$84

#### **4. Distributor's or Gambling Services Supplier's Representative**

<b>License</b>	<b>Fee</b>
Original	\$239
Renewal	\$146

#### **5. Manufacturer's Representative**

<b>License</b>	<b>Fee</b>
Original	\$239
Renewal	\$146

#### **6. Public Card Room Employee**

<b>License</b>	<b>Fee</b>
<b>Class A</b> - Performs Card Room Employee duties in a Class E card room.	
Original	\$175
Renewal	\$84
<b>Class B</b> - Performs Card Room Employee duties in enhanced and house-banked card rooms.	
Original, in-state	\$237
Original, out-of-state	\$295
Renewal	\$146
Transfer/Additional Employee/Conversion/Emergency Waiver Request	\$57

#### **7. Other Fees**

Change Of Name	\$26
Duplicate License	\$26

#### **8. Military Personnel Returning from Service**

If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant shall provide evidence of the completion date of active military service.

[Statutory Authority: RCW 9.46.070 (5), (6), (14), and (20).]





# Rule Up For Discussion and Possible Filing

Proposed New Rule

WAC 230-12-337

Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.

ITEM 13 (a) on the March 10, 2006, Commission Meeting. Statutory Authority RCW 9.46.070 & RCW 9.46.215(2)(3)
Who proposed the rule change?
Staff.
Proposed Change
This new rule would allow licensed manufacturers and distributors to transport, display and take orders for authorized gambling devices at trade shows and conventions. The target audience of the trade show or convention must be operators of authorized gambling activities.
History of Rule
RCW 9.46.215 states that the possession or transportation of gambling devices is illegal, unless it is in the furtherance of a gambling activity authorized by RCW or Commission rule. The new rule authorizes licensed manufacturers and distributors to transport gambling devices to trade shows and display them to authorized operators.
The new rule would not allow unlicensed manufacturers or distributors to possess or transport gambling devices in Washington state.
Impact of the Proposed Change
Commission staff has received an increased number of inquiries from manufacturers and distributors about whether they can display their gambling devices at trade shows or conventions. The agency has devoted staff resources to respond individually to these inquiries.
The new rule will provide guidance to staff and licensees as to where gambling devices may be transported and possessed. Additionally, the new rule will promote consistency among Commission staff when applying the law to various situations.
Regulatory Concerns
None.
Resource Impacts
Staff receive three to five requests a year to bring devices into the state. It can take three to five staff, three to five hours each to respond to each request. The rule will reduce staff time responding to these requests.
Policy Consideration
This new rule would allow the activity and provide for strict regulation and control.
Stakeholder Statements Supporting the Proposed Rule Change
None.
Stakeholder Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
Manufacturers, distributors, and operators of gambling devices.
Staff Recommendation
File for further discussion.
Proposed Effective Date for Rule Change
July 17, 2006, assuming the rule is adopted at the June 16, 2006, meeting to become effective 31 days from filing.



**New Section:**

**WAC 230-12-337 Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.**

A manufacturer or distributor licensed by the Washington State Gambling Commission to sell gambling devices authorized by state or federal law may transport, display and accept orders for the sale or lease of those devices at trade shows and conventions, under the following restrictions:

- 1) The target audience of the trade show or convention must be operators of authorized gambling activities in Washington State;
- 2) The commission must be notified in writing of the nature, date, and location ten days before the trade show or convention; and
- 3) All gambling devices purchased or leased at the trade show or convention must be delivered to the operator's authorized location.